

Message Text

UNCLASSIFIED

PAGE 01 DACCA 01261 220742Z

11

ACTION OPIC-12

INFO OCT-01 NEA-10 ISO-00 EB-11 COME-00 TRSE-00 AID-20

/054 W

----- 051024

R 210220Z MAR 74

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 2483

UNCLAS DACCA 1261

DEPARTMENT PASS OPIC

E.O. 11652: N/A

TAGS: EFIN, BG

SUBJECT: OPIC CONVERTIBILITY INSURANCE - REMITTANCES FROM
BANGLADESH

REF : DEPARTMENT CIRCULAR A-1362, 2/19/74

SUMMARY - CABLE CONCLUDES IT NOW NOT POSSIBLE IN
BANGLADESH TO JUDGE HOW LONG APPLICATION FOR
REMITTANCE OF PROFIT IN HARD CURRENCY MIGHT TAKE.
NO SUCH REMITTANCE HAS SO FAR BEEN MADE IN NEW
STATE.

1. REF CIRCULAR RECEIVED HERE ONLY AFTER DEADLINE
FOR RESPONSES. HENCE THIS TELEGRAM.

2. EXPERIENCE IN BANGLADESH IN AUTHORIZATION OF
TRANSFERS OF LOCAL CURRENCY TO US DOLLARS AND
REMITTANCES TO US HAS SO FAR BEEN VERY LIMITED IN
THIS NEW, ECONOMICALLY DEPRESSED STATE. IMPOSSIBLE
AT PRESENT TO ESTIMATE WHAT AVERAGE CONVERSION PERIOD
MIGHT BE.

2. LAWS, REGULATIONS AND PRACTICES RE REMITTANCES
ABROAD FOLLOW PAKISTAN PERIOD MODEL. BASIC GUIDELINES
WILL BE POUCHED. NO LAW/REGULATION IN ITSELF CAUSES
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 DACCA 01261 220742Z

DELAY IN REMITTANCE AUTHORIZATION. CHRONIC AND SEVERE

FOREIGN EXCHANGE CONSTRAINTS HOWEVER REQUIRE CAREFUL CONSIDERATION BY BDG OF ALL APPLICATIONS TO TRANSFER HARD CURRENCY OUT OF COUNTRY.

3. NEEDLESS TO SAY, THIS CONSTRAINT NOW EVEN MORE SEVERE AS FOREIGN EXCHANGE COST OF FUEL HAS TRIPLED HERE AND AS PRICES OTHER URGENTLY REQUIRED IMPORTS ALSO HAVE SOARED. BALANCE OF PAYMENTS PROBLEM ACUTE SINCE EXPORT EARNINGS HAVE NOT REPEAT NOT GONE UP SIGNIFICANTLY RELATIVE TO SISING IMPORT COSTS.

4. ACTUAL EXPERIENCE OF AMERICAN AND OTHER FOREIGN INVESTORS HERE IN REMITTING PROFIT HAS BEEN RESTRICTED TO FIVE CASES, SINCE LIBERATION BANGLADESH IN DECEMBER 1971. ACCORDING OUR INFORMANTS, THREE AND PART OF A FOURTH RELATE TO REMITTANCE OF PROFIT EARNED BY JOINT VENTURE PRIOR TO LIBERATION. NONE OF THESE APPLICATIONS SO FAR APPROVED. POSSIBLE THEY MAY NOT BE UNTIL SOME PROGRESS MADE ON RESOLUTION OF ISSUE OF DIVISION OF ASSETS/LIABILITIES OF FORMER UNITED STATE OF PAKISTAN. BDG TENDS TO ARGUE THAT DRAWDOWN FOR PRE-1971 REMITTANCE SHOULD BE MADE ON PAKISTAN FOREX RESERVES, NOT BD.

5. VERY FEW JOINT VENTURES OR INDEED OTHER COMPANIES MADE ANY PROFIT DURING CY 1972. TWO WHICH HAVE ARE AMERICAN. FIRST IS INTERNATIONAL TANK TERMINALS EDIBLE OIL FACILITIES IN CHITTAGONG - A JOINT VENTURE NOW 50 PERCENT US, 50 PERCENT BDG, TAKING OVER FROM FORMER PAKISTANI PARTNERS. BDG HAS ALREADY LIFTED 50 PERCENT OF 1972 PROFIT, BUT REMITTANCE BY ITT (BANGLADESH) OF PROFIT TO ITT (NEW ORLEANS) NOT YET APPROVED (DESPITE EARLIER HOPEFUL REPORT - DACCA 5458). CASE IS COMPLICATED BY ITT CLAIM TO AN ASSOCIATED OIL MILL (DACCA 4672 AND 5087) AND DEBATE OVER WHO OWNS OR SHOULD OWN MILL - ITT OR PERHAPS WHOLLY GOVERNMENT-OWNED BANGLADESH FOOD AND ALLIED PRODUCTS CORP. EMBASSY HAS RAISED MATTER OF PROFIT REMITTANCES ON NUMBER OF OCCASIONS, HAS BEEN ASSURED FAVORABLE ACTION WILL BE TAKEN IN DUE COURSE, BUT HAS YET TO LEARN OF APPROVAL REMITTANCE APPLICATION.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 DACCA 01261 220742Z

6. OTHER AMERICAN COMPANY WHICH PROFITED IN CY 1972 AND IS TRYING TO MAKE TRANSFER TO US HEADQUARTERS IS AMERICAN EXPRESS INTERNATIONAL BANKING CORP. LIKE OTHER BRANCHES FOREIGN BANKS HERE, IT HAS BEEN REQUESTED UNDER BANKING ORDINANCE TO MAKE DEPOSIT IN DACCA OF HARD CURRENCY AS CAPITAL RESERVE (DACCA 5331). FOREIGN BANKS RESISTING MEETING REQUIREMENT. IN INTERIM

IT IS POSITION MINISTRY FINANCE, OBTAINED IN RECENT INTERVIEW WITH SECRETARY, THAT AS SOON AS AMERICAN EXPRESS ET AL. FULFILL ALL LEGAL REQUIREMENTS OF BANKS HERE (INCLUDING ESTABLISHMENT OF RESERVE), CONVERSION AND REMITTANCE OF PROFIT WILL BE AUTHORIZED.

7. IN SHORT, SPECIAL CIRCUMSTANCES OF NEW STATE AND OF COMPANIES APPLYING FOR CONVERSION/REMITTANCE NOW MAKE FOR NO CORPUS OF EXPERIENCE UPON WHICH A REALISTIC JUDGMENT MIGHT BE REACHED ON LENGTH OF TIME IT SHOULD TAKE FOR CONVERSION APPLICATION BE APPROVED. SUGGEST THAT IN FUTURE IF AND WHEN OPIC MIGHT BE CALLED ON TO ISSUE CONVERTIBILITY INSURANCE, A FURTHER READING OF SITUATION BE MADE HERE.
NEWBERRY

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN EXCHANGE HOLDINGS, LOCAL CURRENCIES, LOAN INSURANCE, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974DACCA01261
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740061-0197
From: DACCA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740327/aaaaayra.tel
Line Count: 130
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OPIC
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: DEPARTMENT CIRCULAR A-1362, 2/19/74
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 12 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 JUL 2002 by elbezefj>; APPROVED <10 DEC 2002 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPIC CONVERTIBILITY INSURANCE - REMITTANCES FROM BANGLADESH
TAGS: EFIN, BG, OPIC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005